

# CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM BOARD OF ADMINISTRATION HEALTH BENEFITS COMMITTEE MEETING MINUTES

**December 19, 2006** 



The Health Benefits Committee met on Tuesday, December 19, 2006, in the Lincoln Plaza North Building, 400 Q Street, Sacramento, California.

The meeting was called to order at 9:35 a.m. with the following members present:

George Diehr, Chair
Priya Mathur, Vice Chair
James Zerio representing Philip Angelides
Marjorie Berte
Rob Feckner
Debbie Endsley representing David Gilb
Tony Oliveira
Charles Valdes
Cindy Aronberg representing Steve Westly

#### Other Board members present:

Robert Carlson Mike Quevedo, Jr. Kurato Shimada Maeley Tom

#### AGENDA ITEM 2 – APPROVAL OF THE NOVEMBER 14, 2006, HEALTH BENEFITS COMMITTEE MEETING MINUTES

The November 14, 2006, Health Benefits Committee meeting minutes were approved upon correction to page two to change Milt Dobkin's title to reflect his affiliation with the California Faculty Association and CSU - *ERFA*.

### AGENDA ITEM 3 – FIRST READING – UPDATE ON BLUE SHIELD OF CALIFORNIA'S EXCLUSIVE PROVIDER ORGANIZATION AND DIRECT CONTRACT COUNTIES

As an information item, Terri Westbrook, Assistant Executive Officer, Health Benefits Branch, introduced Paul Markovich, Senior Vice President, Large Group Business Unit, Blue Shield of California, who gave an update on the higher health care costs in exclusive provider organization and direct contract counties. Mr. Markovich presented an overview of suggested options to address the high costs of health care in these counties, and will

provide a more detailed analysis of options at the February 2007 Health Benefits Committee meeting.

#### AGENDA ITEM 4 – FIRST READING – BLUE SHIELD OF CALIFORNIA'S HMO HIGH PERFORMANCE NETWORK OPTION FOR 2008

As an information item, Terri Westbrook, Assistant Executive Officer, Health Benefits Branch, introduced Paul Markovich, Senior Vice President, Large Group Business Unit, Blue Shield of California, who provided an overview of Blue Shield's proposal to introduce a high performance physician network that would encourage the use of cost-effective providers while maintaining quality of care. At the February 2007 Health Benefits Committee meeting, Blue Shield will present a detailed analysis of options.

### AGENDA ITEM 5 – 2006 SECOND QUARTER SELF-FUNDED HEALTH PLANS FINANCIAL REPORT

As an information item, Richard Krolak, Chief, Office of Health Plan Administration, provided the Committee with an update on the status of the financial reserves for the self-funded health plans for the second quarter of 2006 (ending June 30, 2006).

### AGENDA ITEM 6 – APPROVAL OF 2007 LONG-TERM CARE APPLICATION PERIOD (APRIL 1, 2007 THROUGH JUNE 30, 2007)

As an action item, Richard Krolak, Chief, Office of Health Plan Administration, recommended to the Committee that the 2007 Application Period for the Long-Term Care Program be approved for the period of April 1, 2007 through June 30, 2007.

On **MOTION** by Rob Feckner, **SECONDED** and **CARRIED**, the Committee recommended the Board approve staff's recommendation to approve that the 2007 Long-Term Care Program Application Period run from April 1, 2007 through June 30, 2007.

## AGENDA ITEM 7 – PUBLIC HEARING AND APPROVAL OF REGULATIONS REGARDING PREFUNDING PLAN FOR HEALTH CARE COVERAGE FOR ANNUITANTS

As an action item, Ken Marzion, Assistant Executive Officer, Actuarial and Employer Services, proposed that, subject to the results of the public hearing, the Committee recommend that the Board adopt the proposed regulations that clarify and make specific existing provisions in the Public Employees' Medical and Hospital Care Act (PEMHCA) concerning administration and investment of the Annuitants' Health Care Coverage Fund and implementation of a plan for the pre-funding of health care coverage for annuitants.

On **MOTION** by Rob Feckner, **SECONDED** and **CARRIED**, the Committee recommended the Board approve staff's recommendation to approve the proposed regulations, and that the rulemaking file be forwarded to the Office of Administrative Law for review and approval.

#### AGENDA ITEM 8 – ASSISTANT EXECUTIVE OFFICER REPORT

Terri Westbrook, Assistant Executive Officer, Health Benefits Branch, presented an update on the Blue Shield of California HMO expansion into Humboldt County.

At the request of Robert Carlson, staff reported that all Medicare Part D funds received to date now reside in the Contingency Reserve Fund, and that CalPERS submits pharmacy claims for Medicare Part D reimbursement on a monthly basis. Also at the request of Mr. Carlson, staff will provide a report on its implementation progress for reimbursement of Medicare Part B income-related premium increases.

The following people spoke on this item:
Michael Richard, CSEA Retirees

#### AGENDA ITEM 9 – PROPOSED AGENDA FOR FEBRUARY 21, 2007, HEALTH BENEFITS COMMITTEE MEETING

The proposed agenda for the February 21, 2007, Health Benefits Committee was accepted as presented.

#### **AGENDA ITEM 10 – PUBLIC COMMENT**

Tejal Pandya, a representative of Dr. Guarang Pandya, President and Medical Director of the Natraj Surgical Center, presented Dr. Pandya's comments on containing health care costs.

The meeting was adjourned at 10:45 a.m.

The next meeting of the Committee is scheduled for February 21, 2007, in Sacramento, California, following adjournment of the Benefits and Program Administration Committee.

FRED BUENROSTRO	
Chief Executive Officer	